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Value Convergence Holdings Limited

(Incorporated in Hong Kong with limited liability)

Website: <http://www.vcgroup.com.hk>

(Stock Code: 821)

VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE ON THE FORMATION OF THE JV COMPANY

References are made to (i) the announcements made by Value Convergence Holdings Limited (the “**Company**”) dated 24 July 2016 and 20 September 2016 and the circular of the Company dated 26 September 2016 (the “**Circular**”) in relation to, among other matters, the formation of the JV Company; and (ii) the announcement of the Company dated 26 October 2016 in relation to the poll results of the extraordinary general meeting of the Company held on 26 October 2016. Capitalised terms used herein shall have the same meaning as those defined in the Circular unless the context requires otherwise.

With reference to the Circular, the JV Company, when established, will be a limited liability company in the PRC with a registered capital of RMB1,000 million, which will be owned as to 44.5% by VC Brokerage, 45.52% by Guangxi Jintou, 4.99% by Guangxi Hande and 4.99% by Beijing Heyuan. In June 2018, Guangxi Jintou, who is responsible for liaising with the CSRC for the formation of the JV Company, requested the Company and VC Brokerage to provide further supporting documents to the CSRC. In addition, as advised by Guangxi Jintou, JV Partners would be changed. The total investment amount for the formation of the JV Company, which remains as RMB1,000 million, shall now be contributed by VC Brokerage, Guangxi Jintou and Guangxi Railway Investment Group Co., Ltd. (廣西鐵路投資集團有限公司) (“**Guangxi Railway**”) in the amount of RMB445 million, RMB455 million and RMB100 million, representing 44.5%, 45.5% and 10% shareholding in the JV Company, respectively. VC Brokerage is entitled to nominate 3 equity directors (instead of 2 equity directors as initially agreed) in the board of directors of the JV Company and 2 non-employee supervisors (instead of 1 non-employee supervisor as initially agreed) in the board of supervisors of the JV

Company. The restriction on transfer of the equity interest in the JV Company for VC Brokerage shall be shortened from 48 months to 36 months. The amount of capital contribution and the shareholding of VC Brokerage in the JV Company remains unchanged and the Directors consider there are no material changes on the interest of the Group in terms of the formation of the JV Company.

Guangxi Railway is a limited liability company which is solely incorporated by State-owned Assets Supervision and Administration Commission in Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府國有資產監督管理委員會) in the PRC. It is principally engaged in the investment and financing of railway and infrastructure construction in Guangxi. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, as at the date of this announcement, each of Guangxi Railway and its respective ultimate beneficial owner is third party independent of and not connected with the Company and its connected persons.

In this regard, VC Brokerage shall execute the relevant documents for further submission to the CSRC. The Company shall make further announcement(s) concerning the status of the formation of the JV Company, in due course.

By order of the Board of
Value Convergence Holdings Limited
Fu Yiu Man
Chairman & Executive Director

Hong Kong, 20 July 2018

As at the date of this announcement, the board of Directors comprises seven Executive Directors, namely, Mr. Fu Yiu Man (Chairman), Mr. Tin Ka Pak, Timmy (Chief Executive Officer), Mr. Lin Hoi Kwong, Aristo, Mr. Xie Jintai, Ms. Shen Li, Mr. Zhang Min and Mr. Jiang Tian; and three Independent Non-executive Directors, namely, Mr. Wong Chung Kin, Quentin, Mr. Wong Kam Choi, Kerry, MH and Mr. Siu Miu Man, Simon